



KIRI TIMBER TRUST

ARSN 122 181 971

FINANCIAL REPORT 2008



Corporate information

Registered Office

Level 1, AustAsia House
412 - 414 Newcastle Street
West Perth WA 6005

PO Box 332
Leederville WA 6903

Telephone: (08) 9227 8422
Facsimile: (08) 9227 8455
Email: kpadmin@kiripark.com.au
Web: www.kiripark.com.au

Directors

Sydney Chesson (Chairman)
Victor Turco (Director)
Geoffrey Coad (Director)

Company Secretary

Simon Chesson

Members of the Consolidated Group

EFF Limited
ACN 077 014 594

Environmental Forest Farms Management Limited
ACN 087 201 670

EFF Timber Pty Ltd
ACN 082 882 960

Powton Land Holdings Limited
ACN 087 201 652

A&N Enterprises Pty Ltd
ACN 113 434 512

Forestry Finance Limited
ACN 108 513 239

Beenyup Forest Farms Pty Ltd
ACN 081 216 766

Auditor

Carlton and Partners
Level 1, 9 Drake Street
Osborne Park WA 6017

Unitholder Information

Unitholder Enquiries

Unitholders with queries about their investment, should contact the Responsible Entity:

Environmental Forest Farms Management Limited
PO Box 332
Leederville WA 6903
Telephone: +61 8 9227 8422
Facsimile: +61 8 9227 8455
E-mail: kpadmin@kiripark.com.au

Change of Address

Should a Unitholder's registered address change, they should notify the Responsible Entity in writing immediately.

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Kiri Park

Introduction

Kiri Park is located at Lot M1254 Hunter Road, Regan's Ford, in Western Australia. The property consists of approximately 536 hectares of which over 200 hectares is suitable for Paulownia plantations. Approximately 187,380 Paulownia trees have already been successfully planted, managed and maintained on the Property. The plantation is considered to be one of the leading Paulownia plantations in Australia.

Location

Kiri Park meets all the criteria necessary to establish, maintain and operate successful Paulownia plantations. The key factors for growing Paulownia timber include constant sunshine, ample water, sandy well drained soils, nutrients, and protection from severe winds.

Some of the specific characteristics of the Kiri Park property, which make it suitable for commercial Paulownia plantations, include:

- Long, clear summers - which provide an extended growing season;
- Ample supply of underground water (subject to the water licence held by the consolidated Group);
- Soils which allow for deep root development;
- The soil is a mix of sand and clay which provides a good ability to hold water and nutrients;
- The property is located on the Brand Highway - which is a major arterial road, providing suitable transport links to Perth, and other locations in Western Australia. Perth has suitable ports and transport facilities to assist with domestic and global exporting in the future.

The Kiri Timber Trust

The Kiri Timber Trust is operated as a Managed Investment Scheme registered with the Australian Securities and Investments Commission ("ASIC"). The Scheme has been issued with Australian Registered Scheme Number ARSN 122 181 971. The Scheme was registered on 25 October 2006.

Each investor in the Scheme is known as a Unitholder, and has entered into an Agreement with the Responsible Entity and the Plantation Manager to maintain, manage and harvest the Assets of the Trust of the Trust.

The Scheme is set to operate for a 6 year period.

The Responsible Entity has agreed to pay all expenses in relation to the management of the Trust and the Trust's assets and will receive a fee in accordance with the Product Disclosure Statement when the trees are harvested.

The Land Owner has agreed to not to charge rent for the use of the land upon which the plantation is growing for the Trust.

Other Kiri Park Schemes

In addition to the Kiri Timber Trust (ARN 122 181 971), three other Kiri Park Schemes have been successfully established specifically for the growth, development, harvest, promotion and sale of Paulownia timber. There are currently three schemes which are all operated as a Managed Investment Scheme at Kiri Park, with each scheme operating for a 10 year period.

The Kiri Park Schemes combine to total approximately 1,874 Woodlots, which have been planted and are managed for approximately 703 Growers. The schemes combine for a total of approximately 156,440 Paulownia trees, all of which are managed by Environmental Forest Farms Management Limited ("EFFM"). Planting of new Woodlots sold under the latest Kiri Park Scheme, will be undertaken during the 2008 planting season.

A total of approximately 87% of the plantable land is under plantation, which includes the landowner's plantation and the plantations of individual Growers. Future Kiri Park Schemes will be designed to facilitate additional planting to reach the maximum plantation capacity of the Property.

Directors' Report

Directors

The names of the Directors of the Responsible Entity who have held Office, at any time during or since the end of the year are:

- Mr Sydney J. Chesson
- Mr Victor V. Turco
- Mr Geoffrey J. Coad

Mr Chesson, Mr Turco and Mr Coad have been in office since the start of the financial year to the date of this Report.

Information on Directors

At the date of this Annual Report, the Board of Directors have not established any specialist committees to take on specific roles and duties of the Board. As such, there are no special responsibilities assigned to any one Director.

Sydney Chesson

M.B.A, C.RE.M, C.S.M, F.A.I.C.D
Chairman

Mr Chesson has been awarded a Master of Business Administration degree from the University of Notre Dame Australia, where he was admitted to the Vice Chancellors list for academic excellence. He is a licensed real estate agent and business broker, and a licensed finance broker. He has extensive experience in importing and exporting, production and manufacturing. He has over 30 years experience in real estate and over 40 years experience in business and commercial activities.

As a Fellow of the Australian Institute of Company Directors, Mr Chesson has considerable experience as a Director of listed and unlisted public companies, unlisted property trusts, and several private companies.

Mr Chesson is also the Chairman of E.F.F Limited (the parent company of the Responsible Entity), Forestry Finance Limited (a fellow subsidiary of the Responsible Entity), Beenyup Forest Farms Pty Ltd (a fellow subsidiary of the Responsible Entity) and a Director of Powton Land Holdings Limited (the Lessor in the Kiri Park Schemes).

Victor Turco

B.Bus, C.PA
Non-Executive Director

Mr Turco has been involved in the Public Accounting Arena for approximately 27 years. During this time, Mr Turco has gained considerable experience in Australian and Overseas accounting, taxation, financing, corporate

and property issues.

Mr Turco has experience as a Director of numerous companies, including serving as a Director of the Board of a Terminating Building Society managing a \$100 million portfolio.

Mr Turco is a Director of E.F.F Limited (the parent company of the Responsible Entity), Forestry Finance Limited (a fellow subsidiary of the Responsible Entity), Beenyup Forest Farms Pty Ltd (a fellow subsidiary of the Responsible Entity) and Powton Land Holdings Limited (the Lessor in the Kiri Park Schemes).

Geoffrey John Coad

M.Phil, LLB, G.A.I.C.D
Director

Mr Coad was admitted to the Supreme Court of Western Australia in 1973, and has practiced law in Western Australia since 1975. He practices law in areas of commercial law, conveyancing and civil litigation.

Mr Coad is a member of the Australian Institute of Company Directors, and an external member of several other compliance committees for Managed Investment Schemes.

Mr Coad is also a Director of E.F.F Limited (the parent company of the Responsible Entity), Forestry Finance Limited (a fellow subsidiary of the Parent Company), Powton Land Holdings Limited (a fellow subsidiary of the Parent Company) and Beenyup Forest Farms Pty Ltd (a fellow subsidiary of the Parent Company).

Directors' Interests

At the date of this Report, the Directors had the following number of Unit interests in the Scheme:

Director	Direct Holding	Indirect Holding
Sydney Chesson	Nil	Nil
Victor Turco	Nil	20,000
Geoffrey Coad	Nil	8,609

Fees Paid to the Responsible Entity

No fees were paid to the Responsible Entity from the Scheme Assets during the financial year.

Principal Activities

The principal activity of the Scheme during the financial period was the management and maintenance of assets of the Trust comprising part of a commercial Paulownia

Directors' Report (continued)

plantation known as "Kiri Park" which is located at Lot M1254 Hunter Road, Regan's Ford, approximately 150 kilometres north of Perth, Western Australia.

There were no significant changes in the nature of these activities during the year.

Operating Results

The operating profit of the Kiri Timber Trust for the financial year was \$Nil (2007: \$Nil). There should be no income tax liability.

Review of Operations

During the financial year, the Responsible Entity and its parent company (E.F.F Limited) continued to implement key strategies and infrastructure developments at the Kiri Park Property that were designed to benefit all of the plantations on the Property including the Kiri Timber Trust. The primary strategies implemented during the year include:

• New Developments

During the year 1 July 2007 to 30 June 2008 there has been a number of new developments that have occurred at Kiri Park. These include:

Completion of Ring Route

Irrigation contractors completed work on the ring route to provide irrigation to new Woodlots at Kiri Park allowing for the planting of new seedlings.

Review of Operations and Significant Changes in the State of Affairs

As at 30 June 2008, the Kiri Timber Trust consisted of 6,000,000 Units which have been issued and allotted to 23 Unitholders.

The following significant changes in the state of the Scheme's affairs occurred during the financial year:

- 6,000,000 Units in the Trust were issued to 23 Unitholders during the year.

Significant After Balance Date Events

Other than set out below, there have been no other significant after balance date events:

Kiri Park Harvest

During July 2008 the first thinning commenced at Kiri Park for Unit holders in the Kiri Timber Trust (ARSN 122 181 971). This thinning occurred in a small area of the plantation that has performed

well and involved the harvest of approximately 1064 trees.

Future Developments

The Responsible Entity expects to continue to manage the assets of the Kiri Timber Trust in accordance with best practice silvicultural standards.

The Responsible Entity expects to continue with its Research and Development Program. The Program focuses on several research topics specifically relating to Paulownia plantations, and is expected to provide benefits to Unitholders in the Kiri Timber Trust as the Responsible Entity may implement improvements in its management and forestry processes.

The Responsible Entity expects to continue reviewing and refining the cost centres in relation to the Kiri Timber Trust, which is expected to provide some benefits to Unitholders in the Scheme.

Environmental Issues

The operations of the Scheme currently meet all development, operational, and environmental conditions associated with the Scheme's operations.

Indemnifying Officers

The Responsible Entity has not, during or since the financial year, in respect of any person who is or has been an Officer or auditor of the Scheme or of a related body corporate:

- Indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or
- Paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings.

Proceedings on Behalf of the Scheme

No person has applied for leave of Court to bring proceedings on behalf of the Scheme or intervene in any proceedings to which the Scheme is a party for the purpose of taking responsibility on behalf of the Scheme for all or any part of those proceedings.

The Scheme has not been a party to any such proceedings during the year.

Scheme Withdrawals

There were no withdrawals from the Scheme during the financial year.

Directors' Report (*continued*)

Auditors' Independence Declaration

In accordance with section 307C of the Corporations Act 2001, the Directors of the Responsible Entity have obtained a declaration of independence from Carlton & Partners, the Scheme's auditors.

Directors' Authorisation

This Report is made in accordance with a resolution of the Board of Directors of the Responsible Entity and is signed by authority for and on behalf of the Directors by:



Sydney Chesson
Chairman

Dated this the 23rd day of September 2008

CARLTON & PARTNERS

CERTIFIED PRACTISING ACCOUNTANTS

ABN 28 251 922 867

9-11 DRAKE STREET OSBORNE PARK WA 6017

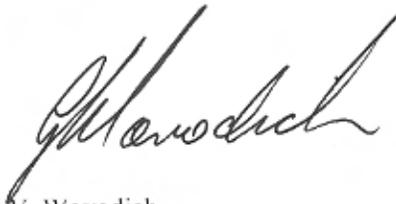
Lead Auditor's Independence Declaration Under Section 307C of the Corporations Act 2001

To the Directors of Environmental Forest Farms Management Limited as the
Responsible Entity for the Kiri Timber Trust.

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2008 there have been:

- a) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- b) No contraventions of any applicable code of professional conduct in relation to the audit.

Carlton & Partners



G.V. Wovodich
Registered Company Auditor

Dated this 24 day of September 2008 at Perth, Western Australia.

TELEPHONE: (08) 9201 0611
FAX: (08) 9201 0633
TAN: 76556 015

POSTAL ADDRESS:
PO BOX 1860
OSBORNE PARK DC WA 6916

Kiri Timber Trust

ARSN 122 181 971

Income Statement

for the Period 1 July 2007 to 30 June 2008

	The Economic Entity	
	30 June 2008 \$	30 June 2007 \$
Revenue from operating activities		
Interest	-	-
Less:		
Bank Charges	-	-
Profit from operating activities	-	-
Distributed to Unitholders	-	-
Total Changes in Scheme Property	-	-

The accompanying notes form part of these financial statements.

Kiri Timber Trust

ARSN 122 181 971

Balance Sheet

as at 30 June 2008

	Economic Entity	
	30 June 2008 \$	30 June 2007 \$
Current Assets		
Cash and cash equivalents	-	-
Trade and other receivables	-	-
Total Current Assets	-	-
Non-Current Assets		
Biological Assets	6,842,703	6,662,703
Total Non-Current Assets	6,842,703	6,662,703
Total Assets	6,842,703	6,662,703
Current Liabilities		
Trade creditors and other payables	-	-
Total Current Liabilities	-	-
Total Liabilities	-	-
Net Assets	6,842,703	6,662,703
Equity		
Contributed Equity	6,662,703	6,000,000
Asset Revaluation Reserve	180,000	662,703
Retained Earnings	-	-
Carried Forward Losses	-	-
Total Equity	6,842,703	6,662,703

The accompanying notes form part of these financial statements

Kiri Timber Trust

ARSN 122 181 971

Statement of Changes in Equity

for the year ended 30 June 2008

	Ordinary Unit Capital \$	Retained Earnings \$	Asset Revaluation Reserve \$	Minority Interests \$	Total \$
1 July 2006					
Profit attributable to members of parent entity	-	-	-	-	-
Profit attributable to minority unitholders	-	-	-	-	-
Subtotal	-	-	-	-	-
Dividends paid or provided for	-	-	-	-	-
1 July 2007					
Units issued during the year	173,000	-	-	-	173,000
Profit attributable to members of parent entity	-	-	-	-	-
Revaluation increase (decrease) increments	173,000	-	-	-	173,000
Sub-total	173,000	-	-	-	173,000
Dividends paid or provided for	-	-	-	-	-
Balance At 30 June 2008	173,000	-	-	-	173,000

Kiri Timber Trust

ARSN 122 181 971

Cash Flow Statement

for the Period 1 July 2007 to 30 June 2008

	Economic Entity	
	30 June 2008 \$	30 June 2007 \$
Cash flows from operating activities		
Funds received from manager	-	-
Net cash flows provided by operating activities	-	-
Net Increase/(Decrease) in Cash Held	-	-
Cash at the Beginning of Year	-	-
Cash at the End of Year	-	-

Notes to the financial statements

For the Period 1 July 2006 to 30 June 2007

I. THE SCHEME

The Kiri Timber Trust ("the Scheme") was established pursuant to the terms of a Constitution made on 26 October 2006 and was registered with the ASIC on 26 October 2006. Subject to the provisions of the Constitution for early termination of the Scheme, the Scheme will terminate upon the earlier of final distribution of receipts to Unitholders following the sale of assets or winding up of the Scheme.

Environmental Forest Farms Management Ltd (ACN 087 201 670) is the Responsible Entity of the Scheme and Powton Land Holdings Limited (ACN 087 201 652) the Lessor of the Land. The terms and conditions of the Constitution govern the relationship between the Responsible Entity, the Lessor and the Unit Holders.

The Responsible Entity will carry out or cause to be carried out such services and duties in relation to the Assets of the Scheme as set out in the Constitution and which are usual or necessary for carrying on the business of Paulownia tree farming.

The Scheme will conclude upon harvest of the trees and sale of timber. Under the terms of the Constitution, the Responsible Entity is also entitled to a harvest and marketing fee equivalent to 5.5% of the Net Sale Proceeds from the timber sales.

2. STATEMENT OF ACCOUNTING POLICIES

This financial report is a general purpose financial report that has been prepared in accordance with applicable Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

This financial report is for the Kiri Timber Trust (ARSN: 122 181 971) as an individual scheme, registered and domiciled in Australia.

The financial report of Kiri Timber Trust (ARSN: 122, 181 971) as an individual entity complies with all International Financial Reporting Standards (IFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the scheme in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

(a) Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

(a) Income Tax

Under current legislation, the Scheme is not subject to income tax as its taxable income (including assessable realised capital gains) is distributed in full to Growers.

The Scheme fully distributes its distributable income, calculated in accordance with the Scheme's Constitution and applicable taxation legislation, to the Growers who are presently entitled to income under the Constitution.

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within short borrowings in current liabilities on the balance sheet.

(c) Goods and Services Tax (GST)

Revenues, expenses and assets are recognized net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognized as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables and payables in the balance sheet are shown inclusive of GST.

Cashflows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(d) Trade and Other Payables

The management agreement states the manager is not to be remunerated until the fees are received by the Scheme. As a result a corresponding payable is not recognised in note 5 to the financial statements.

(e) Biological Assets

It is the policy of the Responsible Entity to formally review the carrying value of its biological assets at the reporting date. External valuations of the biological assets are carried out in accordance with the Trust Constitution,

The valuations are measured at fair value being the amounts for which assets could be exchanged between knowledgeable willing parties at an arms length transaction.

The revaluation increment is recognised directly to the asset revaluation reserve, unless it is reversing a previous decrement charged as an expense in the income statement.

A revaluation decrement is recognised directly as an expense in the income statement, unless it is reversing a revaluation increment previously credited to, and still included in the balance of the asset revaluation reserve in respect of the same class of assets, in which case it is debited directly to the asset revaluation reserve.

The gain or loss on disposal or revalued assets is calculated as the difference between the carrying amount of the asset at the date of disposal and the net proceeds from disposals and is included in the income statement in the year of disposal.

The carrying amount of non-current assets are reviewed to determine whether they are in excess of their recoverable amount at the balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount.

In assessing recoverable amounts of non-current assets the relevant cash flows have not been discounted to their present value, except where specifically stated.

3. RESPONSIBLE ENTITY

During the financial period, Environmental Forest Farms Management Limited was the Responsible Entity for the Scheme.

The Responsible Entity represents the interest of Unitholders in the Scheme.

4. CUSTODIAN

The Australian Financial Services License of Environmental Forest Farms Management Limited (AFSL Number: 239 635) does not require the Responsible Entity to have an external custodian for the Project. The Constitution of the Responsible Entity details how the Responsible Entity must deal with Scheme Property.

5. TRADE AND OTHER RECEIVABLES

This Financial Report records the assets, liabilities, revenues and expenses of the Scheme. No application monies for the Scheme were received during the period. Rent and management fees were received during the period. As rent and management fees are immediately payable to the lessor or to the Responsible Entity, this money does not at any stage become property of the Scheme. Any management

fees received by the Responsible Entity are immediately payable to the Manager (less money owing by the Manager to the Responsible Entity). Accordingly, this money is not recorded in the Scheme's Financial Report.

6. BIOLOGICAL ASSETS

	30 June 2008 \$	30 June 2007 \$
Paulownia Plantation	6,842,703	6,662,703

At 30 June 2008 the standing timber comprised of approximately 40,000 trees that are 8 years old. The fair value of the plantation was determined to be \$6,000,000 the by Independent Forester Mr Charles Peaty at the date of the Product Disclosure Statement 26 October 2006. In accordance with the policy of the Responsible Entity the plantation has been revalued by the Directors using a historical cost and discounted cash flow method to be \$6,842,703 as at 30 June 2008.

7. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk Exposure

The Scheme is not exposed to interest rate risk as there are no Scheme assets which are financial instruments.

(b) Net Fair Value

The aggregate net fair value of financial assets and financial liabilities approximate the carrying amount of the financial assets and liabilities as indicated in the Statement of Financial Position.

(c) Credit Risk Exposures

The Scheme's exposure to credit risk at 30 June 2008 in relation to each class of recognised asset is the carrying amount of those assets indicated in the Balance Sheet.

8. REMUNERATION AND RETIREMENT BENEFITS TO DIRECTORS

(a) Remuneration of Directors

The Directors of the Responsible Entity did not receive any remuneration directly from the Scheme during the financial year. All Directors remuneration is paid by E.F.F Limited, the parent company of the Responsible Entity. During the financial year, the remuneration paid to Director's by E.F.F Limited for services relating to the Scheme were as follows:

(b) Retirement Benefits

The Directors of the Responsible Entity did not receive any retirement benefits directly from the Scheme during the financial year. The Directors of the Responsible Entity did not receive any retirement benefits from the Responsible Entity nor the parent

Director	Year	Salary & Fees (\$)	Superannuation (\$)	Other (\$)	Total (\$)
Sydney Chesson	2008	Nil	-	-	Nil
	2007	Nil	-	-	Nil
Victor Turco	2008	Nil	-	-	Nil
	2007	Nil	-	-	Nil
Geoffrey Coad	2008	Nil	-	-	Nil
	2007	Nil	-	-	Nil

company of the Responsible Entity nor any other entity related to the Responsible Entity.

(c) Director Related Party Transactions

The following transactions between the Responsible Entity and Director related parties, for services in relation to the Scheme, occurred on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	30 June 2008 \$	30 June 2007 \$
Annual Report fees paid to AustAsia Group an entity related to Syd Chesson	8,500	8,500

from one geographic location being Australia, from where its investing activities are managed. Revenue is derived from distributions and interest.

The Scheme has investment exposures currently only in the Western Australia geographical market and all assets service the forestry industry.

11. EVENTS OCCURRING AFTER BALANCE DATE

There will be no significant after balance date events.

12. REGISTERED SCHEME DETAILS

The registered office and principal place of business of the Scheme is at the office of the Responsible Entity:

Environmental Forest Farm Management Limited
 Level 1, AustAsia House,
 412 – 414 Newcastle Street
 West Perth WA 6005
 Australia

9. RELATED PARTY TRANSACTIONS

(a) Responsible Entity

The Responsible Entity of the Kiri Timber Trust is Environmental Forests Farms Management Limited, whose immediate and ultimate parent company is E.F.F Limited.

(b) Directors

The Directors of Environmental Forests Farms Management Limited at the date of this Report are:

- Sydney J. Chesson (Chairman)
- Victor V. Turco
- Geoffrey J. Coad

(c) Fees

No fees were paid to the Responsible Entity from the Scheme Assets during the financial year.

(d) Unit Interests of Directors

The interests of Directors of the Responsible Entity as at 30 June 2008 have been disclosed in the Directors Report.

10. SEGMENT INFORMATION AND INDUSTRY INVESTMENT EXPOSURES

The Scheme operates in one business segment, being investment management. The Scheme also operates

Directors' Declaration

In the opinion of the Directors of Environmental Forests Farms Management Limited, Responsible Entity of the Kiri Timber Trust:

1. the accompanying financial statements and notes are in accordance with the Corporations Act 2001, comply with the accounting standards, corporations regulations and other mandatory professional reporting requirements, and give a true and fair view of the Scheme's financial position as at 30 June 2008 and of its performance for the year ended on that date.
2. at the date of this declaration, there are reasonable grounds to believe that the Scheme can meet its debts as and when they fall due.

The Company Secretary and the Chief Financial Officer of the Responsible Entity of the Kiri Timber Trust have each declared that:

- a. the financial records of the Scheme for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001.
- b. the financial statements and notes for the financial year comply with the Accounting Standards.
- c. the financial statements and notes for the financial year give a true and fair view.

Dated at West Perth this 23rd day of September 2008.

Signed in accordance with a resolution of the Directors of Environmental Forest Farms Management Limited:



Sydney Chesson
Director

CARLTON & PARTNERS

CERTIFIED PRACTISING ACCOUNTANTS

ABN 28 251 922 867

9-11 DRAKE STREET OSBORNE PARK WA 6017

INDEPENDENT AUDITOR'S REPORT

To the Members of the Kiri Timber Trust

Scope

We have audited the financial statements of the Kiri Timber Trust ("the Scheme") for the year ended 30 June 2008.

The Responsible Entity's directors are responsible for the financial statements. We have conducted an independent audit of these financial statements in order to express an opinion on them to the members of the Scheme.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards so as to present a view which is consistent with our understanding of the Scheme's financial position and the results of its operations and cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial statements of the Kiri Timber Trust present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements and statutory requirements the financial position of the Kiri Timber Trust as at 30 June 2008, and the results of its operations and its cash flows for the year then ended.

Carlton & Partners



G.V. Wovodich
Registered Company Auditor

Dated this 24 day of SEPTEMBER 2008 at Perth, Western Australia.

TELEPHONE: (08) 9201 0611
FAX: (08) 9201 0633
TAN: 76556 015

POSTAL ADDRESS:
PO BOX 1860
OSBORNE PARK DC WA 6916



Environmental Forest Farms Management Limited

Level 1 AustAsia House, 412 - 414 Newcastle Street, West Perth WA 6005 · PO Box 332 Leederville WA 6903

Phone (08) **9227 8422** Fax (08) **9227 8455** Email kpadmin@kiripark.com.au · www.kiripark.com.au ACN 087 201 670